

## 2.0 Northrop Grumman Team Profile

*Instructions to Vendors:* This section should provide all relevant information regarding Vendor's unique capabilities as an outsourcing service provider. Both the documentation of Vendor's internal practices and satisfaction of the customer base are essential parts of the Commonwealth's evaluation process.

**Why the Northrop Grumman Team?** The Virginia Information Technologies Agency (VITA) needs a qualified partner to help it realize its vision of making the Commonwealth a world leader in technology application and infrastructure services while making government more accessible to its constituents. The Northrop Grumman Team provides the Commonwealth a proven, robust, and fully qualified team to be the transition and technology partner for the transformation of the Commonwealth's information technology infrastructure. Our Team will ensure that the Commonwealth receives cost competitive services while repositioning itself as a leader in today's integrated public service offerings.






The Virginia Information Technologies Agency's (VITA) vision is to make the Commonwealth a world leader in technology application and infrastructure services, while making government services more accessible to its constituents. Through PPEA procurement, the Commonwealth is taking the first steps in meeting the tough challenges necessary to shift investment in information technology (IT) from ongoing operations to more strategic projects and services.


This procurement is designed to ensure that the Commonwealth receives cost competitive services while repositioning itself as a leader in today's integrated public service offerings. These initiatives also maintain the Commonwealth's commitment to effective and efficient use of information technology, providing a technology-friendly business climate to both businesses and citizens, and ultimately enhancing the economic development in the Commonwealth. The Northrop Grumman Team sees the goals and understands the vision of this administration and is excited at the opportunity to become a partner in these innovative ideas.


We understand the Commonwealth's critical business issues. Over the past 2 years, and especially since January 2005, we have worked in partnership with VITA and its customers (agencies) to identify and define strategic solutions that will enable them to focus on their core missions, while generating exceptional returns on their IT investments by reducing program operational costs and increasing operational benefits.

Critical to the success of any vendor on this procurement are the credentials and commitment that they offer the Commonwealth. The Northrop Grumman Team has exceptional credentials and is committed to the Commonwealth, VITA, and the employees and constituents of Virginia as evidenced by the summary of our Team's strengths, shown in **Exhibit 2-1**.

Company	Strengths
	<ul style="list-style-type: none"> <li>➤ Northrop Grumman employs 32,000 people in Virginia, representing approximately 25 percent of our total workforce.</li> <li>➤ More than 10,000 of our Virginia-based employees are IT professionals.</li> <li>➤ These employees work and operate out of a corporate office, 4 major Sectors and 26 locations.</li> <li>➤ \$13B in annual revenues is derived in the Commonwealth.</li> <li>➤ Northrop Grumman is the largest IT services provider in Virginia.</li> <li>➤ Northrop Grumman is a leading Systems Integrator with related experience in a managed partnership with the State of Texas. Working with the Texas Department of Information Resources (DIR), Northrop Grumman provides computer operations and disaster recovery services, network and desktop managed services, help desk support, and application development and programming services for tax supported organizations to reduce the costs of information technology to the State of Texas. Under DIR management, Northrop Grumman develops, maintains and integrates platforms utilizing hardware and software provided by many major vendors.</li> <li>➤ Northrop Grumman has been conducting internal Northrop Grumman IT infrastructure transformation affecting more than 125,000 employees worldwide, thousands of offices and sites, millions of network nodes, and thousands of applications, resulting in a <b>recurring annual savings of more than \$58M</b>. Many of those assets perform the same financial and management functions required by the Commonwealth.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ HP is a leading global provider of products, technologies, solutions, and services to individual consumers and businesses. Its offerings span IT infrastructure and storage, personal computing and other access devices, multi-vendor services including maintenance, consulting, integration and outsourcing, and imaging and printing.</li> <li>➤ HP's commitment to client services resulted in their recent selection as the winner of the Outsourcing Center's 2005 Outsourcing Excellence Awards "Best First Steps" category. The prestigious award, sponsored by Outsourcing Center and Everest Group, was presented at the 2005 Outsourcing Excellence Awards ceremony in conjunction with the Sourcing Interest Group (SIG) semi-annual conference, held May 25, 2005.</li> <li>➤ HP has undergone an extensive internal IT infrastructure transformation through the integration of Compaq. It is described in this section.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Gateway has over 20 years of experience serving the technology needs of federal, state, and local government agencies and education institutions.</li> <li>➤ One of Gateway's key differentiators is the flexibility to provide "high touch" and customization more cost effectively than many of the other vendors.</li> <li>➤ Gateway has the capability to provide customized configurations and can quickly respond to customer needs.</li> <li>➤ Gateway's world-class technical support is U.S.-based and available 24x7x365, and was recently rated #1 by an independent test conducted by Mobile PC (May, 2004).</li> </ul>

Company	Strengths
	<ul style="list-style-type: none"> <li>➤ MCI today owns and operates some of the world's most complex and sophisticated custom networks, delivering value for a wide variety of customers and more than 75 U.S. government agencies.</li> <li>➤ Through COVANET, MCI provides a comprehensive array of communications services—voice, data, Internet and enhanced solutions—to local and county governments, state agencies, public universities, and quasi-government agencies throughout the Commonwealth.</li> <li>➤ COVANET is the proud recipient of the first Governor's Gold Information Technology Award for Industry. The award recognizes COVANET for its innovative use of technology to benefit the public sector and promote economic development in Virginia.</li> </ul>
<p>Booz   Allen   Hamilton</p>	<ul style="list-style-type: none"> <li>➤ Booz Allen Hamilton is a global leader in business strategy, providing services to major corporations and government clients.</li> <li>➤ With headquarters in McLean, VA, and 10,000 Virginia-based employees, Booz Allen Hamilton has a deep understanding of the workforce needs in Virginia that will provide significant benefits to this managed partnership in strategy formulation, organizational and change management, and communications.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Powell Tate has built a record of success by focusing on results and providing senior-level client service.</li> <li>➤ It helps clients build strong reputations, achieve their goals, inform policy decisions, navigate the regulatory process, form strategic partnerships, and find solutions to their most difficult challenges.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ KIS is a \$19 million, small, minority- and woman-owned, 8(a) company headquartered in Virginia Beach, VA, that provides customer-centric, proven IT solutions, quality IT products, IT services, and IT support to commercial, federal, state, and local government organizations.</li> <li>➤ The company employs over 75 highly trained personnel who perform quality services for IT installation, maintenance, outsourcing, network design, computer products, training, and full-system service support.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ NTS is a \$7.8 million minority-owned small business headquartered in Richmond, VA, and certified with the Virginia Regional Minority supplier Diversity Council and the Commonwealth of Virginia's Department of Minority Business Enterprises.</li> <li>➤ NTS is a full-service systems integrator that provides customized computer hardware maintenance, network integration design and support, enterprise security solutions, storage area network, product procurement, enterprise deployment services, and staff augmentation services.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Dataline is a small, minority- and woman-owned company headquartered in Norfolk, VA, with offices in Richmond, McLean, and elsewhere in the southeast.</li> <li>➤ Dataline is a fast-growing professional IT services organization consisting of 350 employees.</li> <li>➤ Dataline is the largest, most successful woman-owned minority company focused on IT in Virginia.</li> </ul>

Company	Strengths
	<ul style="list-style-type: none"> <li>➤ The Virginia BioTechnology Research Park was established in 1992 as a 501(c)(3) not-for-profit operating entity under the laws of the Commonwealth of Virginia.</li> <li>➤ Situated on 34 acres adjacent to Virginia Commonwealth University (VCU's) medical campus, the Park is home to a mix of more than 50 technology companies, research institutes affiliated with the VCU Medical Center, and major state and national medical laboratories.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Headquartered in Ashland, VA, McKinney and Company employs 85 people in planning, designing, and managing the development of an estimated 3 million sq. ft. of commercial and industrial construction annually.</li> <li>➤ McKinney and Company has performed economic development and industrial development design and consultation work for public organizations and local governments across the Commonwealth.</li> </ul>
<p>WHITING-TURNER</p>	<ul style="list-style-type: none"> <li>➤ Whiting-Turner has been in business for more than 95 years and has offices nationwide (including two in Virginia).</li> <li>➤ Whiting-Turner's recent projects in the Commonwealth include a 71,000 sq. ft. building for the University of Virginia, Darden Graduate School of Business, Charlottesville, and projects totaling \$23.4 million for the City of Richmond Community Development Authority.</li> <li>➤ Whiting-Turner has an established relationship with McKinney and Company and the Virginia Biotechnology Research Park Authority VBTRPA in developing the Department of Consolidated Laboratory Services (DCLS).</li> </ul>
	<ul style="list-style-type: none"> <li>➤ JP Morgan is a leading global financial services firm with assets of \$1.1T and operations in more than 50 countries.</li> <li>➤ Since January 2000, JP Morgan has served as underwriter or credit enhancement provider for over \$3.9B of transactions for major issuers located within the Commonwealth of Virginia.</li> <li>➤ JP Morgan is a leader in investment banking, financial services for consumers and businesses, financial transaction processing, asset and wealth management, and private equity.</li> </ul>
<p><b>Morgan Keegan</b> Morgan Keegan &amp; Company, Inc.</p>	<ul style="list-style-type: none"> <li>➤ Morgan Keegan &amp; Company is a premier regional investment firm offering full-service investment banking, securities brokerage, and trust and asset management.</li> <li>➤ Morgan Keegan has more than 240 offices in 18 states and \$480 million in equity capital.</li> </ul>
<p>HUNTON &amp; WILLIAMS</p>	<ul style="list-style-type: none"> <li>➤ Headquartered in Richmond, VA, Hunton &amp; Williams LLP is an international firm providing experience and advice in virtually every discipline of the law.</li> <li>➤ Hunton &amp; Williams is the largest law firm in Virginia, with expertise in financing structures.</li> <li>➤ Bonding expert for the Virginia BioTechnology Research Park Authority (VBTRPA).</li> </ul>

Company	Strengths
	<ul style="list-style-type: none"> <li>➤ Lee Technologies has been helping businesses ensure uninterrupted operations at mission-critical facilities since 1983.</li> <li>➤ Lee Technologies products, services, and strategies maximize uptime for the infrastructure that powers and protects today's most advanced data and communications centers.</li> <li>➤ Lee Technologies is a full-service solutions provider of mission-critical data center infrastructure, providing electrical and mechanical data center equipment, design/implementation services, integration, commissioning, operations and maintenance, and on-site technical staffing.</li> </ul>

**Exhibit 2-1 The Strengths of the Northrop Grumman Team**  
*Our Team is made up of industry leaders with demonstrated presence and commitment to the Commonwealth.*

Our Team in total has more than 46,000 employees living in Virginia. With a national average of 2.5 children per family, the total number of residents for our Team easily exceeds 175,000 people—employees, retirees, parents and children. With critical assets such as these, the Northrop Grumman Team is very committed to Virginia's families and residents. The Northrop Grumman Team's economic contribution to Virginia is staggering and affects many Virginia-based industries including state, county, and local tax bases. We also have a positive effect on the small business owners that provide food, gas, homes, transportation, and personal and lifestyle services and products.

The combined talent pool of the Northrop Grumman Team will provide the Commonwealth of Virginia with the resources needed to meet current and future requirements. Our Team possesses the technical experience, corporate stability and managerial skills essential to providing the highest quality service. The Northrop Grumman Team is committed to professional excellence:

Features We Offer	Benefits to the Commonwealth of Virginia
Proven experience in statewide infrastructure consolidation with established and implemented reliability and quality procedures	Ensures optimal solutions can be quickly and economically realized
Relevant past performance providing technical, operational and management services using documented Best Practices and repeatable CMM processes	Repeatable processes, measurable successes, enhanced quality and timeliness of systems, and improved overall readiness
A team providing multidisciplinary skills and knowledge	Evolutionary technologies and applications that bring better responsiveness to client needs and ensure achievement of VITA's vision

**Exhibit 2-2 Features and Benefits of our Experience**  
*The Northrop Grumman Team offers a wealth of directly relevant expertise and experience.*

In the remainder of this section, we present the qualifications of Northrop Grumman and the entire Team. We present the Team's credentials by citing references that demonstrate our ability to provide enhanced technology services to position the Commonwealth of Virginia in the global economic marketplace and revolutionize service delivery to the citizens of Virginia.

## 2.1 Northrop Grumman Organization Overview

### 2.1.1 Company Overview

Northrop Grumman is a \$30 billion global enterprise with 125,000 employees serving U.S. and international organizations; federal, state, and local governments; and commercial clients. Northrop Grumman is comprised of seven business sectors—Electronic Systems, Newport News, Ship Systems, Information Technology, Mission Systems, Integrated Systems, and Space Technology. Virginia is home for three of the seven Northrop Grumman business sector headquarters. Two of these sectors—Information Technology and Mission Systems—represent the seat of the company’s resources, capabilities and business activities in the IT arena.

Northrop Grumman Corporation provides technologically advanced, innovative products, services, and solutions in information technology (IT), systems integration, defense electronics, advanced aircraft, shipbuilding, and space technology. As prime contractor, principal subcontractor, partner, or preferred supplier, the company participates in high-priority government and commercial technology programs throughout the United States and abroad. Northrop Grumman has operations in all 50 states and 25 countries.

We bring significant internal corporate experience in IT transformation. As a result of carefully implemented acquisitions over the last 11 years, including the acquisitions of Logicon, Litton, and TRW, Northrop Grumman has advanced its internal capabilities to manage and support the most complex and demanding IT managed services programs. Northrop Grumman has saved more than \$1 billion dollars through our internal IT transformation efforts, combining 19 companies over the past 11 years. We will apply this experience and expertise to the transformation of VITA.

As a global systems integrator for our customers Northrop Grumman has the first-hand experience, proven management methodologies, and best practices to support large-scale, complex programs such as VITA’s. We are also one of only two companies with proven experience in statewide infrastructure consolidation: for the State of Texas, Northrop Grumman is providing information and computer services (mainframe and mid-tier), disaster recovery, and application development and programming services to all Texas governmental entities. Our proven experience lowers risk to the Commonwealth.

We are the largest provider of IT solutions in the Commonwealth of Virginia and one of the six largest providers of IT solutions to state and local governments in the world. Within the Commonwealth of Virginia, Northrop Grumman is the second largest private employer, with 32,000 professionals working in the state. Currently, we have over 1000 open positions in the Commonwealth. In addition, the Northrop Grumman IT 2006 Long Range Strategic Plan staffing forecast plans for continuous employment growth through the IT sector as illustrated in **Exhibit 2.1-1**.

Year	2005	2006	2007	2008	2009	2010
Planned Growth	6%	8%	7%	7%	7%	6%

**Exhibit 2.1-1 Anticipated IT Sector Employment Growth**

Northrop Grumman has demonstrated experience in statewide infrastructure consolidation in Virginia, and we have the proven and industry-recognized technical and management capabilities to transform IT and build a spirit of cooperation with all of the Commonwealth’s trusted

partners. Leveraging our experience in transforming the Defense Department and civil federal governments, we can best position VITA to transform the Commonwealth's IT programs.

**Exhibit 2.1-2** contains an overview of the Northrop Grumman Corporation including industry classifications as requested in the bid package.

Company Name		Northrop Grumman Corporation
North American Industry Classification System (NAICS)	332993	Ammunition (except small arms) manufacturing
	332995	Other ordnance and accessories manufacturing
	334511	Search, detection, navigation, guidance, aeronautical, and nautical system and instrument manufacturing
	33641	Aerospace product and parts manufacturing
	336411	Aircraft manufacturing
	336412	Aircraft engine and engine parts manufacturing
	336413	Other aircraft parts and auxiliary equipment manufacturing
	336414	Guided missile and space vehicle manufacturing
	336415	Guided missile and space vehicle propulsion unit and propulsion unit parts manufacturing
	336419	Other guided missile and space vehicle parts and auxiliary equipment manufacturing
	33661	Ship and boat building
	336611	Ship building and repairing
	336612	Boat building
	336992	Military armored vehicle, tank, and tank component manufacturing
	518210	<b>Data processing, hosting, and related services*</b>
	54151	<b>Computer systems design and related services*</b>
	541511	<b>Custom computer programming services*</b>
	541512	<b>Computer systems design services*</b>
	541513	<b>Computer facilities management services*</b>
	541519	<b>Other computer-related services*</b>
	611420	<b>Computer training*</b>
	81121	<b>Electronic and precision equipment repair and maintenance*</b>
	811219	<b>Other electronic and precision equipment repair and maintenance*</b>
	811310	Commercial and industrial machinery and equipment (except automotive and electronic) repair and maintenance
	927110	Space research and technology
	928110	<b>National security*</b>
*Identifies Information Technology services provided by Northrop Grumman Corporation		
FY2004 Company Revenue		\$29.9B
FY2004 Company Net Income		\$1.08B
% of Revenue from Sourcing Services		13.4%
<b>Headquarters Location</b>	1840 Century Park East Los Angeles, CA 90067	
<b>Date Founded</b>	1939	
<b>Company Ownership</b>	Northrop Grumman Corporation is a public company (NYSE: NOC), of which Northrop Grumman Information Technology (IT), Inc., is a wholly-owned subsidiary	
<b>Number of years vendor has been providing the type of service or equipment specified in Detailed Proposal Rules</b>	Approximately 45 years	

Company Name	Northrop Grumman Corporation
Number of Employees	125,400
Locations in the USA	As of 12/31/2004, Northrop Grumman had approximately 556 separate locations, comprising 54 million square feet of floor space (primarily in the U.S.), for the purpose of manufacturing, warehousing, research and testing, administration, and various other productive uses. Within the Commonwealth of Virginia, Northrop Grumman has major operations in Arlington, Chantilly, Charlottesville, Chester, Dahlgren, Fairfax, Falls Church, Herndon, McLean, Newport News, Reston, Stafford, Vienna, Virginia Beach, Williamsburg and Wallops Island.
International Locations	Outside of the U.S., various Northrop Grumman sectors have major operations located in the United Kingdom, Canada, France, Germany, Italy, Norway, China, and Malaysia.

**Exhibit 2.1-2 Northrop Grumman Overview (Table 1)**

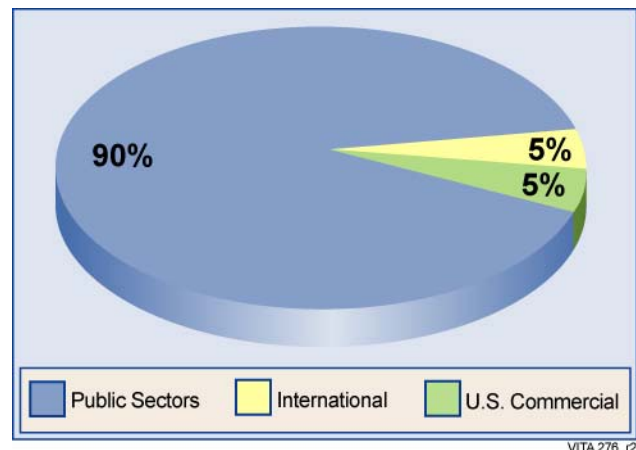
*Northrop Grumman is a financially stable company, with a leadership position in many sectors.*

### 1. Industries served

Northrop Grumman conducts most of its business activity in the public sector. Government is the primary industry served, with government business accounting for 90 percent of the company's \$29.9B total revenues for FY2004. Northrop Grumman also serves international government, and a variety of commercial industries, including manufacturing, petrochemicals, public utilities, and computer services.

### 2. Customers served

The focus of Northrop Grumman's business is in the Public Sector. Our Public Sector customers include State and Local Governments, Federal Civil Agencies, U.S. Navy, Air Force, Army, and other Department of Defense (DoD) agencies. Other customers include U.S. Commercial and international government. **Exhibit 2.1-3** provides a breakdown of Northrop Grumman's FY2004 revenue by customer type.



**Exhibit 2.1-3 Northrop Grumman FY2004 Revenue by Customer Type**

Within the state and local government arena, Northrop Grumman provides IT solutions to state, county, and municipal agencies in 38 states. **Exhibit 2.1-4** lists services similar to the requirements in this proposal that we provide in some of these states.

Company	Internal Application Services	Security Services	Help Desk Services	Desktop Computing Services	Messaging Services	Mainframe & Server Services	Data Network Services	Voice & Video Telecom Services
Alabama	●	●	●	●		●	●	●
Arkansas	●	●	●	●			●	
California	●	●	●				●	
Delaware	●	●				●		
Georgia	●			●		●	●	●
Illinois	●					●	●	
Indiana	●	●	●				●	●
Kentucky	●	●		●	●			
Louisiana	●			●		●	●	
Maine	●	●		●				
Montana	●		●		●	●	●	
Ohio	●	●	●				●	●
Oklahoma	●			●	●	●	●	●
Rhode Island	●			●				
Texas	●	●	●	●	●	●	●	

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**Exhibit 2.1-4 Northrop Grumman Provides Similar Service to Other States**

### 3. Where work will be performed

With headquarters in McLean, Northrop Grumman IT already has a significant workforce located within the Commonwealth of Virginia. All of the work for VITA will be performed in Virginia. The VITA Program Management Office will be established in **Redacted**. Two state-of-the-art data centers will be built in Virginia to meet the requirements of VITA.

The **Redacted** Enterprise Solutions Center will be constructed within **Redacted**. This facility will be a state-of-the-art Tier 3 data center.

**Redacted**. The building will be designed and constructed as a Centralized Managed Operations Center, including help desk and back-up data center.

All work related to this program will be completed in Virginia.

### 4. Audited financial statements

***Instructions to Vendors:** Submit audited financial statements for the last 3 years, together with a current certification made by the CFO stating that statements are current, accurate & complete with the exception of any material adverse changes specifically described which have occurred in the status and/or prospects of the Vendor since the effective date of the most recent financial statements.*

As directed by the customer, audited Northrop Grumman financial statements for Years 2002, 2003 and 2004 along with our latest 10Q filing, dated April 27 2005, signed by Wesley Bush, Northrop Grumman Chief Financial Officer (CFO), attesting that the information is accurate and complete are available upon request.

### 5. Business Disputes

***Instructions to Vendors:** Provide details of any disciplinary actions or other administrative action taken by any jurisdiction or person against Vendor. List & summarize all judicial or administrative proceedings involving your sourcing activities, claims of unlawful employment discrimination & anti-trust suits in which you have been a party within the last 5 years. If Vendor is a subsidiary, submit information for all parent companies. If Vendor uses subcontractors, associated companies & consultants that will be involved in any phase of this project, Vendor's response shall include pertinent subcontractor information.*

Northrop Grumman provides the following excerpt from its most recent Form 10-Q, filed with the SEC on April 28, 2005. The following text is Note No. 11 to the Consolidated Condensed Financial Statements.

### Litigation, Commitments, and Contingencies

***Litigation***—The company is subject to a range of claims, lawsuits, environmental and income tax matters, and administrative proceedings that arise in the ordinary course of business. Estimating liabilities and costs associated with these matters requires judgment and assessment based upon professional knowledge and experience of management and its internal and external legal counsel. The ultimate resolution of any exposure to the company may vary from earlier estimates as further facts and circumstances become known. While the company cannot predict the ultimate outcome of these matters, based upon available information, it is the company's expecta-

tion that known legal actions and tax matters will not have a material adverse effect on the company's financial position, results of operations, or cash flows.

The company, as a government contractor, is from time to time subject to U.S. Government investigations relating to its operations. Government contractors that are found to have violated the False Claims Act, or are indicted or convicted for violations of other federal laws, or are considered not to be responsible contractors, may be suspended or debarred from government contracting for some period of time. Such convictions could also result in fines. Given the company's dependence on government contracting, suspension or debarment could have a material adverse effect on the company.

In August 1992, in *U.S. ex rel. Rex Robinson v. Northrop Grumman Corporation*, the United States District Court for the Northern District of Illinois unsealed a complaint brought by four individuals in the name of the United States of America. The action was filed on August 10, 1989, seeking damages under the qui tam provision of the civil False Claims Act. The relators also sought damages as individuals for alleged retaliation. On March 1, 2005, the company agreed with the government to settle the False Claims Act case for \$62 million. The company also agreed to settle the relators' personal claims including their claim for attorney fees and to reimburse the government for previously billed legal costs incurred by the company. As a result of the settlement, the company recorded a pre-tax charge of \$35 million in the fourth quarter of 2004 and paid a total of \$99 million in the first quarter of 2005.

*Income Tax Matters*—The Internal Revenue Service has completed its audits of the B-2 program for the years ended December 31, 1997 through December 31, 2000, and has proposed an adjustment that does not affect the company's income tax liability but could result in an obligation to pay an amount of interest to the Internal Revenue Service that could be significant. The company believes the proposed adjustment will be eliminated or significantly reduced. Accordingly, the company does not believe that the adjustment proposed by the Internal Revenue Service will have a material effect on the company's financial position, results of operations, or cash flows.

*Environmental Matters*—In accordance with company policy on environmental remediation, the estimated cost to complete remediation has been accrued where it is probable that the company will incur such costs in the future to address environmental impacts of currently or formerly owned operating facilities, or at sites where it has been named a Potentially Responsible Party (PRP) by the Environmental Protection Agency, or similarly designated by other environmental agencies. To assess the potential impact on the company's consolidated financial statements, management estimates the total reasonably possible remediation costs that could be incurred by the company, taking into account currently available facts on each site as well as the current state of technology and prior experience in remediating contaminated sites. These estimates are reviewed periodically and adjusted to reflect changes in facts and technical and legal circumstances. Management estimates that at March 31, 2005, the range of reasonably possible future costs for environmental remediation sites is \$288 million to \$389 million, of which \$304 million is accrued. Factors that could result in changes to the company's estimate include: modification of planned remedial actions, increase or decrease in the estimated time required to remediate, discovery of more extensive contamination than anticipated, changes in laws and regulations affecting remediation requirements, and improvements in remediation technology. Should other PRPs not pay their allocable share of remediation costs, the company may have to incur costs in addition to those already estimated and accrued. Although management cannot

predict whether new information gained as projects progress will materially affect the estimated liability accrued, management does not anticipate that future remediation expenditures will have a material adverse effect on the company's financial position, results of operations, or cash flows.

*Co-Operative Agreements*—In July and August of 2003, Ship Systems executed agreements with the states of Mississippi and Louisiana, respectively, whereby Ship Systems will lease facility improvements and equipment from Mississippi and from a non-profit economic development corporation in Louisiana in exchange for certain commitments by Ship Systems to these states. Under the Mississippi agreement, Ship Systems is required to match the state's funding with expenditures in the amount of \$121 million and create up to 2,000 new full-time jobs in Mississippi by December 2007. Under the Louisiana agreement, Ship Systems is required to match the state's funding with expenditures in the amount of \$56 million through 2007, and employ a minimum of 5,200 full-time employees in 16 of the 32 fiscal quarters beginning January 1, 2003, and ending December 31, 2010. Failure by Ship Systems to meet these commitments would result in reimbursement by Ship Systems to Mississippi and Louisiana in accordance with the respective agreements. Management believes that all commitments under the Louisiana and Mississippi co-operative endeavor agreements will be met based on the Ship Systems business plan, which reflects the company's current understanding of the customer's DD(X) acquisition strategy.

*Financial Arrangements*—In the ordinary course of business, the company uses standby letters of credit and guarantees issued by commercial banks and surety bonds issued by insurance companies principally to guarantee the performance on certain contracts and to support the company's self-insured workers' compensation plans. At March 31, 2005, there were \$506 million of unused stand-by letters of credit, \$123 million of bank guarantees, and \$542 million of surety bonds outstanding.

*Indemnifications*—The company has retained certain warranty, environmental and other liabilities in connection with certain divestitures. The settlement of these liabilities is not expected to have a material effect on the company's financial position, results of operations, or cash flows.

*Related Party Transactions*—For all periods presented, the company had no material related party transactions.

## **6. Guarantees of Insurance**

In response to this insurance guarantee request and the coverage levels specified in Section 23.2 of the Comprehensive Infrastructure Agreement, Northrop Grumman Information Technology is providing the following Certificate of Insurance.

ACORD		CERTIFICATE OF INSURANCE			DATE (MM/DD/YY) 6/15/2005	
PRODUCER Aon Risk Services, Inc. of Southern California 707 Wilshire Boulevard, Suite 6000 Los Angeles, CA 90017 (213) 630-3200		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.				
INSURERS AFFORDING COVERAGE						
INSURED Northrop Grumman Corporation its divisions and subsidiaries 1840 Century Park East Los Angeles, CA 90067		INSURER A: National Union Fire Insurance Company of Pittsburgh				
		INSURER B: Insurance Company of the State of Pennsylvania				
		INSURER C: American International Specialty Lines Ins. Co.				
		INSURER D:				
INSURER E1: National Union Fire Insurance Company of Pittsburgh						
COVERAGES						
THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES. THE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC	6007665	1/1/2005	1/1/2006	EACH OCCURRENCE	\$ 5,000,000
					FIRE DAMAGE (Any One Fire)	\$ 5,000,000
					MED EXP (Any One Person)	\$ 5,000
					PERSONAL & ADV INJURY	\$ 5,000,000
					GENERAL AGGREGATE	\$ 10,000,000
					PRODUCTS - COMPIOP AGG	\$ 10,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> <input type="checkbox"/>	2045034 (AOS) 2045035 (TX) 2045036 (VA) 2045037 (MA)	1/1/2005	1/1/2006	COMBINED SINGLE LIMIT (Ea accident)	\$ 5,000,000
					BODILY INJURY (Per person)	\$
					BODILY INJURY (Per accident)	\$
					PROPERTY DAMAGE (Per accident)	\$
					AUTO ONLY - EA ACCIDENT	\$
					OTHER THAN EA ACC	\$
					AUTO ONLY: AGG	\$
C	EXCESS LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$	7410619	1/1/2005	1/1/2006	EACH OCCURRENCE	\$ 18,000,000
					AGGREGATE	\$ 18,000,000
						\$
						\$
						\$
						\$
						\$
B	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY  5899203 (AOS) 5899202 (CA) 5899204 (OR, WI) (ND, OH, WA, WV, WY) - EL only	1/1/2005	1/1/2006	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER		
				E.L. EACH ACCIDENT	\$ 2,000,000	
				E.L. DISEASE - EA EMPLOYEE	\$ 2,000,000	
				E.L. DISEASE - POLICY LIMIT	\$ 2,000,000	
E1	OTHER Professional Liability	6007666	1/1/2005	1/1/2006	LIMIT OF LIABILITY	\$5,000,000
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL ITEMS Certificate holder is named as an Additional Insured as required by written contract. Waiver of Subrogation is granted in favor of Certificate Holder as required by written contract.						
Named Insured Includes: INFORMATION TECHNOLOGY						
CERTIFICATE HOLDER Virginia Information Technologies Agency IT Infrastructure Outsourcing Proj (VITA) 110 South 7th St. Suite 135 Richmond, VA 23219		CANCELLATION In event of non-payment of premium, 10 days notice of cancellation applies. SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.				
		AUTHORIZED REPRESENTATIVE 				
ACORD 25-S (7/97)		©ACORD CORPORATION 1988				

## APPLICABLE EXCLUSIONS

THE COMMERCIAL GENERAL, EXCESS UMBRELLA AND AIRCRAFT LIABILITY POLICIES ALL CONTAIN STANDARD NUCLEAR EXCLUSIONS. THESE POLICIES ALSO CONTAIN POLLUTION EXCLUSIONS WHICH, IF NOT IDENTICAL, ARE SIMILAR IN THEIR INTENT, E.G., TO EXCLUDE CLAIMS FOR LOSS ARISING OUT OF POLLUTANTS RELEASED INTO THE EARTH, AIR, WATER, OR ANY DISPOSAL SYSTEM.

ACORD <sup>TM</sup> CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YY) 03/10/05			
<b>PRODUCER</b> Hilb Rogal & Hobbs Insurance Services of CA, Inc. 1825 South Grant Street, Suite 700 San Mateo, CA 94402 Contact: Phone # (650) 358-7967 Fax # (650) 571-5983		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.			
<b>INSURED</b> Northrop Grumman Corporation et al 1840 Century Park East Los Angeles, CA 90067		<b>COMPANIES AFFORDING COVERAGE</b> COMPANY A National Union Fire Insurance Company COMPANY B COMPANY C COMPANY D COMPANY E			
<b>COVERAGES</b> THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENTS, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.					
CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> PROFESSIONAL LIABILITY <input type="checkbox"/> IS CLAIMS MADE				GENERAL AGGREGATE \$ PRODUCTS - COM/PROP AGG \$ PERSONAL & ADV INJURY \$ EACH OCCURRENCE \$ FIRE DAMAGE (Any one fire) \$ MED EXP (Any one person) \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EACH ACCIDENT \$ AGGREGATE \$
	EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL				WC STATUTORY LIMITS OTHER EL EACH ACCIDENT \$ EL DISEASE - POLICY LIMIT \$ EL DISEASE - EA EMPLOYEE \$
A	BLANKET CRIME Including Employee Dishonesty	490-36-96	02/15/05	02/15/06	\$10,000,000
<b>DESCRIPTION OF OPERATIONS LOCATIONS/VEHICLES/SPECIAL ITEMS</b> This certificate represents solely a current statement that a bond or policy is in effect for the Named Insured only, that such bond or policy conveys no protection or rights to anyone other than the Named Insured, and that reference to the bond or policy must be made for the terms and conditions of the coverage thereunder. Certificate Holder is added as Loss Payee as their interest may appear. *10 Day notice of cancellation if/when non-payment of premium.					
<b>CERTIFICATE HOLDER</b>			<b>CANCELLATION</b>		
Virginia Information Technologies Agency			SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30* DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.		
			AUTHORIZED REPRESENTATIVE		
ACORD 25-S (1/95)			© ACORD CORPORATION 1988		

## 2.2 Vendor Business Profile and Strategy

### 2.2.1 Current Market Position and Strategy

Northrop Grumman Corporation is the world's third-largest defense contractor and a leader in the application of high technology. The company is well positioned in the current defense and national security environment, with a balanced, diversified portfolio by sector and strong record of operating and financial performance.

Northrop Grumman's business strategies can be summarized as follows:

- Perform and grow in core defense and intelligence markets
- Leverage core competencies to expand in broader government markets
- Drive shareholder value growth

The Northrop Grumman IT sector is widely viewed as one of the leading U.S. providers of innovative IT-based products, services, and solutions, with particular strength in the government arena. The following are recent rankings by industry analyst organizations attesting to our strong market position.

Ranking	Reference
2005 Government IT Company of the Year	Frost & Sullivan, 1/05
#1 Federal Contractor for Products and Services	INPUT, 1/05
#1 IT Vendor to the US Government (IDC, 2/05)	IDC, 2/05
#1 Security Provider to the US Government	INPUT, 10/04
#2 IT Services Provider to the Public Sector	SITSI/PAC, 6/04
#2 Federal Prime Contractor	Washington Technology, 5/05
#4 Information Systems Outsourcer in the US	IDC, 10/04
#6 IT Outsourcer Worldwide	Gartner, 6/04
#7 Infrastructure Support Provider Worldwide	Gartner, 7/04

#### Exhibit 2.2-1 Industry Rankings

*Recent rankings attest to our strong market position.*

For the state and local government IT market, Northrop Grumman is recognized among the top 10 providers, with solid competitive positions in managed IT services, public safety, public health, and human services. Some current state and local programs of note include the following:

- Primary data center outsourcing for Texas Department of Information Resources
- IT services for the City of Indianapolis and Marion County, IN
- Public safety projects for Roanoke, Chicago, and Los Angeles
- Criminal justice information systems for Maine and Montana
- Electronic benefits programs in Arkansas, Iowa, and Maine
- Disease tracking systems for California, Delaware, Maine, and Montana
- Human services projects in Arkansas, Montana, and Texas

### 2.2.2 Future Vision and Strategy

The stated vision of Northrop Grumman IT is to be a trusted leader in IT-based systems, services, and solutions to government and commercial customers. This vision will be realized by providing superior value to all stakeholders consistent with Northrop Grumman corporate values, and will be judged according to the following success criteria:

- Recognized employer and IT provider of choice, with low voluntary turnover rates and competitive ratings above its peer group
- Customer satisfaction ratings in the highest 10 percent
- Sustained, profitable annual growth that compares favorably to that of our peer competitors

Trusted leadership entails the coupling of long-term, mutually beneficial customer relationships with a superior ability to provide innovative, value-enhancing solutions. Therefore, our strategic direction encompasses protecting and deepening our relationships within the DoD and intelligence communities while expanding our presence in the federal, civil, state and local, and commercial markets through solutions that provide transformational benefits to the customer.

Our solutions will leverage our core capabilities in the design, integration, implementation, management, and support of complex IT systems to address the infrastructure, enterprise, mission, and security needs of our customers. We will focus on market segments that complement our expertise, thereby deploying our resources effectively and increasing our potential for competitive advantage. Strategic growth will be attained organically, through alliances and through targeted acquisitions to gain specific capabilities.

Northrop Grumman IT has a strategic focus on the following areas in the state and local government market:

- *Managed IT Services*—We will expand our current position as a leading provider of managed *IT services* by pursuing opportunities for major state and local engagements, especially those that have infrastructure consolidation and transformation requirements in conjunction with ongoing operational management and support activities.
- *Business Process Outsourcing (BPO)*—We will expand beyond our existing applications and infrastructure management activities to include other transactional processes within target vertical areas, such as child welfare information systems, child support and eligibility systems, and Medicaid management information systems.
- *Business Utility Solutions*—We are creating scalable, repeatable IT-based solutions that focus on critical, but non-core, business processes, such as physical security, identity management, and telecommunications financial management.
- *Public Safety*—Consistent with our leading position as a prime integration contractor for public safety IT, we will pursue state and local opportunities related to command, control, and communications; secure broadband wireless solutions; integrated justice information systems; and homeland security.
- *Public Health*—The focus in public health will be on disease surveillance systems, public health information networks, and systems to address the threat of bioterrorism.

Northrop Grumman IT's strategy to expand our role in IT outsourcing for state and local government agencies can be summarized as follows:

- *Commitment to Program Excellence*—Sustaining high customer satisfaction and meeting or exceeding program objectives are priorities for assuring customer base retention and long-term success. Our strategy entails working as a trusted advisor to our customers to develop appropriate target goals for progressive cost savings and improved efficiency, and introducing process improvements and technology enhancements that will enable the improvement goals to be achieved.

- *Focus on Core States*—State and local IT outsourcing engagements are large, complex arrangements that require significant commitments of resources within a specific geographic area. Therefore, Northrop Grumman is concentrating on a select set of states and localities that represent high-potential growth markets, based on their size and propensity to outsource IT functions. The Commonwealth of Virginia is foremost among these states in terms of the commitment that Northrop Grumman has already made to the Commonwealth, and expects to make in the future to assure the success of the VITA engagement, as evidenced by our willingness to establish new facilities **Redacted** and invest in higher education and training within the local community.
- *Capabilities and Resource Leverage*—Gartner, IDC, INPUT, and others in the analyst community regard Northrop Grumman as one of the top market leaders in IT services, based on their assessments of our vision, ability to execute, and scale and scope of our activities. Moreover, top business publications have cited Northrop Grumman for our effective use of IT resources in transforming and operating our own business. The institutional skills and management practices gained from diverse external engagements and internal activities are transferable across multiple customers. Furthermore, Northrop Grumman technology expertise in infrastructure security, command center integration, and secure broadband wireless communications may be applicable to IT outsourcing situations.
- *Technology Insertion for Productivity and Efficiency Benefits*—State and local governments continue to face budgetary and manpower constraints while the demand for citizen services continues to grow, security risks multiply, and the need for more Web-based, integrated functions increases. The functionality of legacy IT systems will need to be integrated into new infrastructures. Northrop Grumman's strategy emphasizes the effective and timely insertion of technology tools, application frameworks, and process improvements as substitutes for labor-intensive functions. This not only drives productivity and efficiency, but also enhances management's ability to view and control activities within the infrastructure.
- *Repeatable, Scalable Solutions*—Like commercial corporations, state and local government will augment their managed IT services engagements with business utilities to cover selected non-core business processes. Northrop Grumman IT is continuing to develop these utilities, which will be delivered through leveraged vendor resources and have on-demand and variable pricing attributes. These utilities are scalable and repeatable.
- *Alliances and Relationships*—Managed IT services engagements depend on the effective use of alliance partners and relationships for successful delivery. Our strategy is to continue to develop deep relationships with our alliance partners, aggregating resources as necessary to deliver value to the customer.
- *Mergers and Acquisitions*—Northrop Grumman will continue to use mergers and acquisitions as a strategic means to add specific capabilities within targeted markets.

These strategies for state and local IT services are fully aligned with Northrop Grumman's corporate strategy, which has as one of three key objectives the "utilization of our core competencies to expand our customer base outside of our traditional customers to adjacent government markets."

### 2.2.3 Documentation of Current Facilities

Northrop Grumman currently occupies 11,817,979 square feet of building/lease space in the Commonwealth of Virginia. Northrop Grumman Corporate, and seven sectors—Information

Technology, Integrated Systems, Mission Systems, Newport News, Electronic Systems, Ship Systems, and Space Technology—maintain facilities in 26 locations, as illustrated in **Exhibit 2.2-2**.

**Redacted**

**Exhibit 2.2-2 Commonwealth Locations**

*Northrop Grumman Corporate and four of our Sectors maintain facilities in 26 locations in the Commonwealth.*

## **2.2.4 Quality Certifications and Honors**

Northrop Grumman has achieved wide industry recognition for excellence across many areas of its business. A partial list of quality-related awards and honors includes:

- America's Most Admired Companies (#3)—Fortune magazine, 2003, based on criteria such as management, investment value, and employee talent
- Software Engineering Institute's Capability Maturity Model Integration (CMMI®) Level 5 Rating—19 CMMI Level 5 awards for commercial and defense industry best practices for software, the most in the defense and IT industries (rating applies to multiple Northrop Grumman IT business units)
- International Organization for Standardization 9001:2000 Registration for Quality Management System
- #14 of America's Top Organizations for Minority Business Opportunities-DiversityBusiness.com, based on a women- and minority-owned business industry survey
- #1 of Top 100 Employers for 2004—Black Collegian, based on job prospects and commitment to diversity
- Federal Computer Week 2004 Monticello Award—presented to Blue Force Tracking for its positive impact on human lives during the Iraqi conflict
- Department of Defense Best Value Gold Medal Supplier Award
- Department of Defense Nunn Perry Award—honoring the relationships between large companies and small firms they mentor
- Secretary of Defense Employer Support Freedom Award—2004
- Most Valuable Company—Western Association of Colleges and Employers, 2004
- Top Maryland Employer of Distinction, Maryland Society for Human Resource Management State Council and The Daily Record, 2004—for achievements and best practices in human resources

### **2.2.4.1 Productivity Improvement**

**Instructions to Vendors:** *Provide internal documented statistics on productivity improvement achieved through the improved processes, and state how these improvements will directly benefit Commonwealth.*

Northrop Grumman Corporation is committed to technical excellence. "Enterprise Excellence" is a core concept at Northrop Grumman, aimed at driving business performance and quality across all sectors of the corporation. In support of this, Northrop Grumman established the Enterprise Excellence Council as one of 11 integrated process teams identified by the Corporate Policy Council as most critical and strategic to the corporation.

The Enterprise Excellence Council, which has participation by all sectors, is chartered with promoting and deploying appropriate process management, continuous improvement methodologies, practices, and tools across the corporation, as well as identifying other best practices. Specific objectives of the Council are to:

- Establish and promote a continuous improvement culture across the corporation, and to help create and sustain an enterprise-wide framework to drive business results
- Identify, evaluate, promote, and support deployment of appropriate continuous improvement methodologies, practices, and tools, such as those currently used in (but not limited to) the Lean, Six Sigma, ISO, ITIL, and CMM/CMMI initiatives
- Facilitate the identification and sharing of best practices across Northrop Grumman

The processes we have used and continue to use for our own Northrop Grumman Corporation internal transformation are the same ones we bring and customize to each customer. The success of our internal transformation achieved by our processes is documented by the following statistics:

- Consolidation of over 30 data centers in the last 8 years, resulting in a savings in excess of \$100M, 93 percent reduction of headcount
- Consolidated dozens of call centers to 1
- Migrated numerous e-mail systems running eight different vendor platforms to one enterprise solution (MS Exchange)
- Consolidated hundreds of individually operated wide area network segments to one global (IPWAN) network
- Integrated 200 locations worldwide
- Reduced 50 marginally protected points of presence to 3 very secure
- Northrop Grumman has appeared in CIO Magazine's "Top 100" for the past 3 years and is recognized for impressive integration progress, agility, and as one of the "most resourceful" IT departments.

We are dedicated to satisfying VITA and supported agencies. Our products and services will be the "best in class" in terms of value received for dollars paid. The Northrop Grumman Team will deliver excellence, strive for continuous improvement, respond vigorously to change, and will deliver benefits such as:

- Improved productivity
- Increased citizen service
- Cash flow predictability
- Established service level agreements (SLAs)
- Availability of additional resources with diverse skill sets
- Organized asset management
- Ability to focus on core business requirements
- Reduced risk
- Leveraged business experience
- End-to-end IT lifecycle

## ➤ Operational excellence

**2.2.4.2 Process Capability**

**Instructions to Vendors:** Explain the mechanism for transferring the Vendor's knowledge about process capability to Commonwealth to improve Commonwealth's internal process capability.

The Northrop Grumman Team proposes to perform a continuous assessment of the processes and products of the VITA development efforts while providing feedback to the Commonwealth through regular status meetings. This approach balances the need for rapid feedback to the Commonwealth on project status, deficiencies, and recommendations with the thoroughness and depth addressed by formal deliverables. We will provide regular assessments in the status meetings with the VITA Relationship Manager and meetings with the VITA performance and service operations managers. Details of our processes and quality management plan are provided in **Section 2.3.4**.

**2.2.4.3 Vendor Quality Certifications**

Northrop Grumman Information Technology continuously improving its technical and management processes and has a long and successful history in this area. We recognize the need for mature processes in order to consistently deliver high quality products and services to our customers.

Northrop Grumman Information Technology also strongly believes in the continued professional development of employees' knowledge and skills. Northrop Grumman has a robust, continuous learning program that provides life-long learning options for each Northrop Grumman employee including tuition reimbursement, academic partnerships, academic counseling and education financing. Northrop Grumman has partnered with multiple universities and training institutions to provide preparation leading to technical and professional certification and specialized degree programs. Northrop Grumman encourages and supports all employees in their professional development.

Item #	Certification	Certification Date	Vendor Comments
1	% of ITIL certified service delivery personnel	Various Dates	Northrop Grumman IT Sector has 30 employees with ITIL certifications. Our partner, HP, has over 6,000 employees worldwide, 3,000 of which are ITIL certified.
2	ISO 9001	10/2002	Northrop Grumman IT is certified at 15 sites within the United States and internationally. 5 of the sites are located in Virginia.
3	ISO 12207		Northrop Grumman IT has paid for a companywide license to use the 12207 standard.
4	ISO 15504	N/A	Northrop Grumman is investigating the feasibility of pursuing an ISO 15504 certification.
5	P-CMM Level 3	N/A	Northrop Grumman is investigating the feasibility of pursuing a P-CMM Level 3 certification.
6	P-CMM Level 4	N/A	Northrop Grumman is investigating the feasibility of pursuing a P-CMM Level 4 certification.
7	P-CMM Level 5	N/A	Northrop Grumman is investigating the feasibility of pursuing a P-CMM Level 5 certification.
8	Six Sigma	N/A	Northrop Grumman has a strong Six Sigma program. Currently we have 179 Black Belts and more than

			4,000 Green Belts trained.
9	Other		<ul style="list-style-type: none"> <li>➤ Northrop Grumman is certified to CMMI Level 3 at 5 sites</li> <li>➤ Northrop Grumman is certified to CMMI Level 4 at 1 site</li> <li>➤ Northrop Grumman is certified to CMMI Level 5 at 18 sites, more than any other commercial enterprise.</li> <li>➤ Northrop Grumman IT's operations in the U.K. have achieved the following certifications: <ul style="list-style-type: none"> <li>▪ BS15000 (standard for IT service management; complementary to ITIL)</li> <li>▪ ISO 14001 (standard for environmental management systems)</li> <li>▪ BS 7799 (standard for physical and information security; incorporates ISO17799)</li> </ul> </li> </ul>
<b>End of Table</b>			

**Exhibit 2.2-3 Quality Certifications (Table 3)**

*Northrop Grumman has a demonstrated commitment to quality.*